

Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 IO-10 NEA-09 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 ERDA-05

DODE-00 FEAE-00 FPC-01 H-01 INT-05 L-02 NSC-05 PM-03

SAM-01 OES-03 SS-15 STR-01 /115 W

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R 281220Z FEB 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 5666

INFO AMEMBASSY ANKARA

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: ENRG, OECD

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SUBJECT: IEA: SEQ WORKING PARTY ON STOCKS

SUMMARY: SECOND STOCKS WORKING PARTY MET FEBRUARY 25 AND 26 IN PARIS TO CONSIDER PAPERS BY UK, ITALY AND SWEDEN ON PROBLEMS ATTENDANT TO STOCK REPORTING. ALSO DISCUSSED AT LENGTH WAS PROPOSED SECRETARIAT DRAFT QUESTIONNAIRE TO NATIONAL ADMINISTRATIONS CONCERNING CURRENT STOCK REPORTING PROCEDURES, DEFINITIONS, ETC. WORKING PARTY AGREED TO MAKE SEVERAL RECOMMENDATIONS TO SEQ, INTER ALIA, THAT PARTICIPATING COUNTRIES REPORT TOTAL STOCKS AS CURRENTLY REQUIRED BY OECD AND EEC REGS, NOT JUST IEP 60-DAY EMERGENCY STOCKS, AND ALSO REPORT TOTAL STORAGE CAPACITY. U.S. AND CANADA WERE REQUESTED TO PREPARE AND SUBMIT PAPER ON STAND-BY PRODUCTION CAPACITY FOR NEXT SEQ MEETING. UK AND FRG WILL PREPARE PAPER ON FUEL SWITCHING. THIRD WORKING PARTY MEETING TENTATIVELY SCHEDULED FOR 9:30 A.M., MARCH 18, PARIS.
END SUMMARY

1. STOCKS WORKING PARTY OF STANDING GROUP ON EMERGENCY QUESTIONS (SEQ) HAD USEFUL DISCUSSIONS ON SEVERAL ISSUES CONCERNING CURRENT STOCK REPORTING AND CONCEPTS OF "ABSOLUTELY UNAVAILABLE" AND "MINIMUM OPERATING" STOCKS. ALTHOUGH WORKING PARTY UNABLE TO REACH AGREEMENT ON PRECISE DEFINITIONS OF MINIMUM OPERATING STOCKS, IT DID AGREE TO RECOMMEND TO SEQ THAT:

- TOTAL STOCKS, INCLUDING STOCKS HELD IN BOND AND STOCKS FOR EXPORT BE REPORTED TO THE IEA;
- ABSOLUTELY UNAVAILABLE STOCKS COULD PROVISIONALLY BE DEFINED AS THAT PERCENTAGE OF TANK STORAGE BELOW THE INLET TO THE OUTPUT PUMP AND CONTAINING OIL, WATER AND SEDIMENT LEFT IN TANK WHEN UNCONTAMINATED OIL NO LONGER OBTAINABLE;
- ABSOLUTELY UNAVAILABLE STOCKS ARE GENERALLY EQUIVALENT TO ABOUT 5PERCENT OF TOTAL TANKAGE;
- IN ABSENCE OF ADEQUATE INFORMATION ON TOTAL STORAGE CAPACITY IN SOME COUNTRIES, AND WITH GENERAL ASSUMPTION THAT 50TO 70PERCENT OF TANKAGE IS NORMALLY USED, PRESENT IEP REQUIREMENT OF SUBTRACTING 10PERCENT FROM TOTAL STOCKS IN MEASURING EMERGENCY RESERVES IS REASONABLE AND SHOULD BE RETAINED UNTIL FURTHER STUDY (POSSIBLY BY IAB) PERMITS REVISION;

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-- DRAWDOWN OF INVENTORIES TO LEVEL OF ABSOLUTE UNAVAILABILITY IMPLIES OIL INDUSTRY LOGISTICAL SYSTEM CEASES TO OPERATE, THUS CONSIDERABLE MINIMUM OPERATING INVENTORY REQUIRED BOTH DURING AND AFTER CRISIS TO ENSURE ADEQUATE DISTRIBUTION;

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SAM-01 OES-03 SS-15 STR-01 /115 W

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R 281220Z FEB 75

FM USMISSION OECD PARIS

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INFO AMEMBASSY ANKARA

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-- SECRETARIAT SHOULD PREPARE AND SUBMIT QUESTIONNAIRE TO PARTICIPATING COUNTRIES REGARDING CURRENT REGULATIONS, DEFINITIONS AND STUDIES OF OIL INVENTORY REPORTING, ABSOLUTELY UNAVAILABLE STOCKS AND MINIMUM OPERATING INVENTORIES.

-- U.S. AND CANADA SHOULD COOPERATE IN PREPARING REPORT UNDER ARTICLE 4 OF IEP ANNEX ON CONCEPT AND APPLICATION OF STAND-BY PRODUCTION CAPACITY FOR CONSIDERATION AT NEXT STOCKS MEETING;

-- UK AND FRG WILL PREPARE SIMILAR REPORT UNDER ARTICLE 2 OF ANNEX ON FUEL SWITCHING CAPACITY;

-- IT IS NECESSARY FOR PURPOSES OF ALLOCATION THAT STOCKS HELD IN EXPORT REFINERIES OR TERMINALS SUCH AS IN CARIBBEAN, ROTTERDAM, BANTRY BAY, ETC. BE REPORTED DESPITE LIMITATION OF ARTICLE 3 OF ANNEX.

2. IN CONNECTION WITH TOTAL STORAGE REPORTING RECOMMENDATION, U.S. DEL STRESSED CURRENT UNOFFICIAL SURVEY PROCEDURES BY NPC LIMITED TO PRIMARY STORAGE BY PETROLEUM INDUSTRY. STORAGE CAPACITY UNDER CONTROL OF UTILITIES, LARGE CONSUMER, ETC. NOT COVERED AT PRESENT AND U.S. DEL UNCERTAIN IF TASK OF THIS MAGNITUDE CAN BE SUCCESSFULLY UNDERTAKEN IN SHORT TIME FRAME.

3. SUBJECT OF COUNTING NAPHTHA DISCUSSED AT SOME LENGTH, INCLUDING FACT THAT NAPHTHA STOCKS COULD BE USED EITHER TO MAKE GASOLINE OR AS PETROCHEMICAL FEEDSTOCK. ITALIANS RAISED POINT THAT THEIR NAPHTHA USED IN PETROCHEMICALS, WHICH WERE PRIMARILY FOR EXPORT. NAPHTHA, THEY ARGUED, WAS THEREFORE EXPORT ITEM FOR WHICH NO EMERGENCY STOCKS REQUIRED. ALTHOUGH CHAIRMAN NOTED THAT EXPORTS IN IEP CONTEXT WERE PETROLEUM PRODUCTS, NOT NECESSARILY PRODUCTS WHICH MIGHT HAVE HYDROCARBON CONTENT, TREATMENT OF NAPHTHA STOCKS REMAINED UNRESOLVED.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, DATA, COMMITTEE MEETINGS, PRICES, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OECDP05224
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750071-0188
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975023/aaaaabzo.tel
Line Count: 209
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 04 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 APR 2003 by BoyleJA>; APPROVED <07 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IEA: SEQ WORKING PARTY ON STOCKS SUMMARY: SECOND STOCKS WORKING PARTY MET FEBRUARY 25
TAGS: ENRG, OECD, IEA, SEQ
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006